

Town of Bedford Finance Committee
Selectmen's Meeting Room, Bedford Town Hall

Date: January 10, 2013

Finance Committee Attendees: Mike Seibert, Chair; Stephen Steele, Vice-Chair; Meredith McCulloch, Barbara Perry, Tom Busa, Richard Bowen, Stephen Carluccio, Bob Kenney, Ben Thomas.

Other Attendees: William Moonan, Selectman; Ed Pierce, School Committee; Linda Bournival, KMS Actuaries, LLC; Victor Garofalo, Finance Director, Treasurer/Collector; Joanne Monaghan, Recording Secretary for finance committee.

Attachments/Handouts: FY2014 Budget Model 3.0; Actuarial Study, KMS Actuaries, LLC., Audit Report Management Letter, June 30, 2012; Memo from Richard Reed re: Guideline Update for FY14 budget.

Meeting was called to order at 7:32pm.

Meeting Discussions and Actions:

1. Linda described in detail the findings of the of the Other Post-Employment Benefits (OPEB) actuarial study, which included review of GASB 45, the assumptions used in the study, and a summary of the results. OPEB consists primarily of medical benefits for retirees but also includes dental and life insurance. The net OPEB obligation is \$13.95m as of June 30, 2012. Optional payment schedule forecasts demonstrated the long-term results of various payment options. The Town's current pay-as-you-go funding plan causes a continuing escalation of the unfunded liability. The three partial funding plans control growth of the unfunded liability but do not eliminate it, while full pre-funding will pay down the liability to zero over the 40 years of the study. Cost control measures were also presented. One of these measures was implemented recently when the Town switched to the state's Group Insurance Commission (GIC) program; this switch was the major factor behind the drop in the unfunded accrued liability from \$71.3m (7/1/2010), to \$45.9m (7/1/2012). Another factor in the reduction is the Town's recently established OPEB trust fund with assets of almost \$3m.
2. Victor reviewed Model 3.0 for FY14, no new changes since previous meeting. Review of Audit findings for FY2012 done by Sullivan Rogers & Company, LLC. There were no major issues. ***Comments were noted on the following:*** **a)** The school lunch revolving fund has a deficit of ~\$32k. The finance office and food service department is reviewing the revenue and expenses and will provide a report to the School Committee on how to address the deficiency. **b)** Service organization controls need to be obtained from the appropriate vendors that are utilized by the town on an annual basis (SAS70 report). **c)** Annual audit of Student activity funds needs to be conducted in accordance with procedures as agreed upon between the school committee and the auditor based on guidelines issued by the department of education. This was reported in a prior year management letter. An audit is being scheduled for BHS and Middle School for February 2013. **d)** Pension accounting and financial reporting: In June of 2012 the Government Accounting Standards Board (GASB) issued statement #68. *Financial Reporting for Pension Plans-an amendment of GASB statement #25*, which revises and establishes new financial reporting requirements for governments that provide pension benefits to employees and retirees. The town will be required to recognize its long-term obligation for

pension benefits as a liability in its government-wide financial statements. The recommendation is that management become familiar with GASB statement #68 in preparation for implementation in FY2015.

Richard Reed sent a memo with a revised budget guideline for Assessors, Health, Library and Planning departments for FY14. Victor has received budgets for some departments.

Budget meetings are scheduled as follows: Library, Recreation and Assessors on January 17; Planning and School Department on January 24.

3. Old Business: Rich asked about looking at the OPEB funds. Steve S asked about a report of total capital spending for the town.
4. New Business: none
5. Meetings Attended: Tom met with the Fire Chief to discuss the Ambulance Enterprise Fund. There is a possibility of rate changes on the use of the ambulance. Mutual aid is coming into Bedford more frequently, and calls to the VA have had a quadruple increase recently. There is a plan to discuss the possibility of hiring an additional person. Tom also met with the Police Chief. Steve C met with the Planning Board to review the housing plan. Reports are available on-line. Ben indicated that the Health department voted on the budget at their meeting Monday, January 7. Rich sent via email: At the meeting on January 7, the Selectmen approved a contract to develop construction design documents for two grass turf fields on the former St Michael's Property, subject to a subsequent Notice to Proceed. The provision of a "Notice to Proceed" was added so that contracted work would not begin until litigation had been settled.
6. Open Discussion: none
7. Minutes: Motion was made by Tom to approve the minutes as amended for January 3, seconded by Steve C. *Vote 9-0-0.*
8. Rich made a motion to adjourn the meeting at 10:35pm, seconded by Steve S. *Vote: 9-0-0.*

Finance Meeting Schedule: 2013-- January 17, 24, 31; February 7.